

COUNCIL MINUTES

April 24, 2008

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 24, 2008 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Kyle Jones
Tom Rawles
Scott Somers
Darrell Truitt
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

COUNCIL-ELECT PRESENT

Dennis Kavanaugh
Dave Richins

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

(Items on the agenda were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Hear a presentation, discuss and provide direction on the recommended location for the last of the initial Quality of Life funded pool projects.

Parks, Recreation and Commercial Facilities Director Rhett Evans introduced Steve Hogan, Athletic Director for Mesa Public Schools, and he advised that, as directed by the Council, the Kino Junior High and Rhodes Junior High pool renovation projects are moving forward. He noted that Council also directed staff to work with Mesa Public Schools (MPS) to identify an east side location for a future pool that would be constructed with Quality of Life funds. Mr. Evans displayed a map (a copy is available for review in the City Clerk's Office) that identifies the proposed site at Skyline High School. He also referred to a letter (see Attachment 1) from Dr. Debra Duvall, Superintendent of Mesa Public Schools, confirming the District's willingness to enter into an Intergovernmental Agreement regarding the Skyline High School pool.

In response to a question from Councilmember Somers regarding the selection of Skyline as the site rather than Smith Junior High School, Mr. Hogan stated that the Skyline site is more centrally located and has the space available to facilitate the construction of a larger pool.

Vice Mayor Walters stated the opinion that the more effective model for City of Mesa pools is to construct pools in proximity to high schools rather than junior high schools, and she expressed support for constructing the pool at the Skyline site.

Responding to comments made by Councilmember Jones, Mr. Hogan confirmed that the footprint at Smith Junior High was less than desirable, and he noted that parking would be an issue at the Smith location. He added that MPS would attempt to secure additional funding to increase the size of the proposed pool.

Discussion ensued relative to the fact that the planned pool renovations and the existing pools adequately serve the West Mesa area; that the Skyline pool in East Mesa will relieve some of the pressure on the Brimhall pool; that the increased demand exists in the East Mesa area; and that the Parkway pool continues to serve individuals with disabilities and special needs.

It was moved by Councilmember Rawles, seconded by Councilmember Somers, that Skyline High School be approved as the East Mesa site for the construction of a pool, as recommended by City staff and the Mesa Public Schools.

Carried unanimously.

Mayor Hawker thanked Mr. Evans and Mr. Hogan for the presentation.

2. Hear a presentation, discuss and provide direction on Transportation Department budget issues.

Transportation Director Dan Cleavenger introduced Fiscal Analyst Elisa Gin and two Deputy Transportation Directors, Lenny Hulme and Alan Sanderson. He displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an overview of the budget issues that relate to streets, and he noted that the Council received a presentation on transit budget issues at a previous Study Session.

Mr. Cleavenger advised that streets are funded by two major sources, Highway User Revenue Funds (HURF) and sales tax revenues, for a total of \$58,488,937 in FY 2008/09, which is allocated as follows: 15 percent to debt service, three percent to capital equipment, and 82 percent to operations.

In response to a question from Mayor Hawker, Budget Director Chuck Odom stated that the debt service referenced by Mr. Cleavenger is for the existing HURF debt service for projects that have been completed.

Mayor Hawker said that although many people believe that the best policy would be to delay projects until the cash is available to pay for them, accelerating projects in the past five years has saved the City and County millions of dollars because of rising construction and real estate costs.

City Manager Christopher Brady noted that the proposed bond package would accelerate Proposition 400 projects.

Responding to a question from Councilmember Truitt, Government Relations Director Scott Butler reported that a possibility exists that the Legislature could divert HURF funds in the 2008/09 fiscal year in order to address a budget shortfall.

Mr. Cleavenger reviewed the "Operations Activity-Based Budget" (see Attachment 2) and noted that the number of full-time employees (FTEs) increased from 154.5 in FY 06/07 to 158.5 in FY 07/08 and that four positions are proposed to be added in FY 08/09 bringing the total to 162.5. He explained the need for the additional FY 08/09 positions as follows:

- A Field Operations Coordinator (Superintendent). Currently nine work groups report to one Field Operations Coordinator. The addition of a second position would divide the nine groups between the two positions.
- The position of Field Operations Worker is a position that was eliminated several years ago. Although temporary workers have been utilized, it is increasingly difficult to secure individuals with the proper endorsements and CDL (Commercial Driver's License).
- The addition of a Streetlight Technician would be the first net increase in this area in twenty years and the number of streetlights in Mesa increased from 14,000 to 38,000 in this time period. Although a large amount of this type of work is contracted out to private firms, the additional position will improve the City's response time to reports of outages.
- The requirement for a Heavy Equipment Operator is tied to the possible acquisition of a street sweeper from MAG (Maricopa Association of Governments), for which the City would be required to pay only 5.8 percent of the cost of the sweeper.

Mr. Cleavenger advised that the Street Maintenance Department's area of responsibility within the City of Mesa includes 32.7 million square yards of asphalt, 236 acres of landscaping and 97 miles of alleys. He referred to a pie chart (see Attachment 3) and noted that the proposed FY 08/09 budget is \$27.9 million, 52 percent of which is for contracted services. Mr. Cleavenger displayed a bar chart indicating bid prices for overlay projects in the 2005 to 2008 timeframe (see Attachment 4). He explained that many project costs were based on the 2005 price for asphalt and that when contractor bids came in at a lower price, an extra 28 miles were paved in addition to the 103 miles that were planned.

Mr. Cleavenger provided information on the proposed FY 08/09 budget of \$8.5 million for Traffic Operations (signing, striping and lighting), and he advised that staffing accounts for 28 percent of the budget. He noted that many citizens are unaware that the City must pay the utility costs for street and traffic lighting, and he added that this expense (\$2.3 million) accounts for 27 percent of the budget. Mr. Cleavenger advised that a major problem throughout the Valley is the theft of wiring from streetlights, and he reported that this crime has cost the City approximately \$250,000 in the current year. He added that the department is embarking on a four-year sign replacement program. Mr. Cleavenger said that although 68 percent of streetlight repairs are completed within 15 days, the department has a goal of completing 100 percent of the repairs within 15 days.

Mr. Cleavenger outlined the environmental activities, which include dust abatement, storm drain maintenance, and street sweeping, and he advised that 31 percent of the \$3.3 million budget is for contracted services. He reported that a new Vactor/Vacuum truck and three replacement sweepers were purchased, with the City receiving reimbursement from the Maricopa Association of Governments (MAG) in the amount of \$189,000 for one of the sweepers.

Referring to the Traffic Engineering function, Mr. Cleavenger advised that the budget of \$8.1 million is utilized for traffic studies, operation and maintenance of signalized intersections and project reviews. He reported that the City received a \$57,000 grant from the MAG Safety and Elderly Mobility Sign Replacement program to install larger and more legible street name signs in residential areas with high concentrations of elderly residents.

Vice Mayor Walters explained that MAG provided the funds as a pilot project in hopes that as cities replace older street signs in the future, the larger and more legible signs would be utilized because these types of signs assist all drivers.

In response to a question from Vice Mayor Walters, Mr. Hulme advised that the new font would be utilized on street signs when a replacement is required. He noted that a higher grade of reflective sheeting for the street signs is also a part of the replacement program.

Mr. Cleavenger outlined several accomplishments of Traffic Engineering, including the installation of 30 additional cameras; the conversion of traffic signals to a new system; and making an uninterrupted power supply available at 30 signalized intersections. He also emphasized the need for additional staff in certain areas in order to maintain and troubleshoot the system.

Mr. Cleavenger said that staffing accounts for 68 percent of the Administration budget, and he noted that a major project being addressed is the Mesa Gateway Strategic Development Plan.

Discussion ensued relative to the fact that the City paid \$177,000 in design costs for Phase 1 of the South Canal Project; that Phase 1 was cancelled in response to the objection of area residents; that the City did not receive the grant funding for Phase 1 and therefore no reimbursement of grant funds is necessary; and that additional design funds have been expended by the City on Phase 2 of the South Canal Project.

Responding to a question from Mayor Hawker, Mr. Hulme stated that expenditures of \$9 million per year are planned in order to address overlay requirements.

In response to concerns expressed by Councilmember Rawles that a discussion of the bond package was not properly agendaized, City Attorney Debbie Spinner recommended that staff place this item on a future agenda.

Mayor Hawker thanked staff for the presentation.

3. Hear a presentation, discuss and provide direction on Mesa Arts Center adult classes.

Mesa Arts Center (MAC) Executive Director Johann Zietsman displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an overview of the adult art classes. He reported the following cost recovery data for adult classes:

- Classes held between July 1 and November 30, 2007 - 102%
- Classes held between July 1 and February 28, 2008 – 88%
- Year-end projection through June 30, 2008 – 77%

Mr. Zietsman advised that the year-end projection of 77 percent cost recovery would drop to 71 percent if the summer classes were cancelled. He stated that a projected shortfall of \$90,500 for the current year, which includes summer classes, would be addressed by funding from the MAC Foundation in the amount of \$46,000 and savings from a vacant Marketing position in the amount of \$44,500. Mr. Zietsman referred to a chart of expenses and revenue for the adult art summer classes (see Attachment 5), and he explained that the expense to cancel summer classes would be greater than the cost to continue the program. He projected that 2008/2009 adult art classes, including a summer program, would recover 85 percent of the costs, and he added that staff would continue their efforts to attain 100 percent cost recovery in subsequent years.

In response to a question from Councilmember Rawles regarding the summer classes, Mr. Zietsman advised that expenses are applied to the budget at the time of the expenditure and revenues are realized at a later date. He explained that although expenses are incurred immediately before the end of the fiscal year, revenues are typically received at the beginning of the new fiscal year and this balances out over the course of the year.

Discussion ensued regarding the fact that youth classes are more popular than adult classes during the summer months; that the programs are in a growth phase; that staff is in a learning phase; and that increased efficiencies will evolve as staff gains experience with the various programs.

Councilmember Jones complimented Mr. Zietsman for his concise presentation, and he expressed appreciation for his efforts and those of his staff to increase efficiencies and improve cost recovery.

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, that staff be directed to move forward with the summer class program.

Councilmember Rawles stated that although he believes that staff is moving in the proper direction, he does not believe that 100 percent cost recovery is possible. He further stated the opinion that adult art classes are not a proper function of government, and therefore he would vote in opposition to the motion.

Councilmember-Elect Kavanaugh stated that he was speaking in his role as Chairman of the Mesa Arts Center Foundation, and he explained that the Foundation believes that art education is a key component of the Center.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES –	Jones- Somers-Truitt-Walters-Whalen
NAYS –	Hawker-Rawles

Mayor Hawker declared the motion carried by a majority vote.

City Manager Christopher Brady requested clarification regarding the Council's direction to include classes in the next budget with the recognition that cost recovery may be at less than 100 percent.

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, that staff be directed to include funding for art education classes in the proposed budget.

Vice Mayor Walters noted that the incoming Council may implement changes, but she expressed the opinion that a taxpayer-paid facility should continue to offer classes.

Mayor Hawker advised that he could not support offering adult classes without full cost recovery.

Councilmember Rawles suggested that scheduling class sessions to begin and end in the same fiscal year would enable staff to monitor the costs more accurately. He expressed the opinion that a demand for art education should be addressed by the private sector.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES – Jones- Somers-Truitt-Walters-Whalen
NAYS – Hawker-Rawles

Mayor Hawker declared the motion carried by a majority vote.

Mr. Zietsman thanked the Council for the positive comments made regarding the MAC staff and their efforts to control costs.

4. Discuss and provide direction on materials and information needed to make recommendations on the preparation of the FY 08/09 annual budget.

City Manager Christopher Brady advised that staff would provide information to the Council next week regarding the budget issues previously discussed. He requested that the Council identify any other areas for which additional information may be required regarding the FY 08/09 budget.

Councilmember Rawles requested that staff provide additional information on the costs for the Police Department pay package, based on a five percent increase in July with increases in January of four, three and two percent. He noted that the three percent COLA in January would remain unchanged. Councilmember Rawles expressed concern regarding the amount of Police overtime, and he was also interested in determining if funding could be made available for other Public Safety programs, such as the Transitional Response Vehicle (TRV) Program.

Vice Mayor Walters suggested that staff develop a model that would enable approximately \$700,000 to be available to fund the TRV program.

Mr. Brady noted that some form of cost recovery fee may be possible to address the cost of providing the TRV service.

Mayor Hawker suggested that the entire Police and Fire employment package be reviewed and that the package for new hires be changed from a twenty-year program to a thirty-year program. He noted that, if necessary, this issue should be addressed with the State Legislature. Mayor Hawker stated the opinion that a twenty-year program is no longer feasible because of an increase in life expectancy.

Vice Mayor Walters concurred with the Mayor's comments, and she emphasized that a thirty-year program would be for new hires and that individuals presently in the system would not be affected.

Councilmember Whalen stated that the majority of sworn Police and Fire employees remain employed beyond the twenty years. He suggested that a more important issue to be addressed with regard to the Police and Fire employment package is the Deferred Retirement Option Program (DROP), which negatively affects the sustainability of the retirement system.

Councilmember-Elect Richins requested a breakdown of the City's bond debt and the departments to which that debt is allocated.

Mayor Hawker suggested that staff provide the incoming Council with an explanation of the fund balances. He added that another area to be addressed in the future is post-employment benefits for new employees.

In response to a question from Councilmember Truitt regarding the drastic increase in the City's contribution to the Public Safety Personnel Retirement System (PSPRS), Mr. Brady advised that the amount of the increase this year was an unusual occurrence. He noted that many cities have actively communicated with the PSPRS Pension Board regarding the fact that this type of adjustment should have been in smaller increments over a period of time.

Vice Mayor Walters suggested that staff provide the new Councilmembers with information on the bond rating agencies, the manner in which decisions are made and the fund balances.

Mr. Brady advised that the next two Thursday Study Sessions would address budget issues.

5. Hear reports on meetings and/or conferences attended.

Vice Mayor Walters:	Governor's Arts Award Banquet at which Councilmember-Elect Kavanaugh received the Shelley Award.
Councilmember Jones:	An Appreciation Breakfast for the Police and Fire Departments.
Councilmember Somers:	Phoenix-Mesa Gateway Airport Authority Board Meeting. Fire Department's Volunteer Appreciation Dinner.
Mayor Hawker:	Maricopa Association of Governments (MAG) meeting.

6. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, May 1, 2008, 7:30 a.m. – Study Session

Monday, May 5, 2008, TBA – Study Session

Monday, May 5, 2008, 5:45 p.m. – Regular Council Meeting

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 9:19 a.m.

KENO HAWKER, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 24th day of April 2008. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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Attachments (5)